



**City of Santa Barbara**  
Airport Department

Meeting Date: 10/15/08  
Item: 10

**DATE:** October 15, 2008  
**TO:** Airport Commission  
**FROM:** Karen Ramsdell, Airport Director  
**SUBJECT:** Fiscal Year 2008 Year-End Review

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**RECOMMENDATION:**

That Commission receive the Fiscal Year 2008 Year-End Review of the Airport Department's budget.

**DISCUSSION**

The Financial Report for the twelve months ending June 30, 2008 is attached (Attachment 1), and provides a year-to-date comparison with the adopted budget for Fiscal Year 2008. Historical information for fiscal year 2007 is also included.

Revenues

Total Airport Department revenues for the fiscal year are \$13,807,062 or 5% (\$659,333) over budget, and 4% over Fiscal Year 2007 revenues of \$13,279,283.

**Commercial and industrial** lease revenue was slightly above target at \$4,171,557, a 4.8% growth. Established leases contain annual CPI adjustments with percentage increase of no less than 3% and no greater than 8%. The average CPI adjustment for the Fiscal Year was 3.6%.

**Non-Commercial Aviation** revenue is down slightly at 1.1% below budget target for the year. This category includes building rentals, fuel flowage and percentage fees. The drop in non-commercial aviation fees is primarily attributable to a reduction in rents paid by Atlantic Aviation and the U.S. Forest Service. Atlantic had two buildings, the general aviation terminal and a maintenance hangar, that were reduced to ground rent. The total monthly rental adjustment was approximately \$4,000 less. The Forest Service vacated the remaining ramp adjacent to Hangar 1 on March 31, 2008, a loss of \$827 per month. Additionally, the loss in revenue also reflects a re-classification of \$12,575 in Transportation Security Administration Terminal space rent.

**Airline Terminal Revenues** reflect passenger traffic and accessibility to concessions. The total passenger count for Fiscal year 2008 is 833,164 (0.1% above FY 2007).

**Restaurant** total revenues are 1.6% over budget. **Gift Shop** revenues however, were 52% below budget due to the relocation of the gift shop to Gate 8&9 and the reduction in leased square footage area. The other concessions: luggage carts, telephones, and advertising were generally at budget.

**Parking** revenues were down 7.1% below target. This is consistent with a drop in parking tickets issued and collected for the fiscal year. Due to the economic slowdown/recession and

high fuel prices, parkers are trying to cut cost by using alternative methods of transportation, car-pooling, and getting dropped off at the Terminal.

**Rental Car** revenues were higher than budget with a 10% overage. This increase reflects a steady revenue stream due to the negotiated Minimum Annual Guarantee (MAG) in the new rental car agreements and Hertz generating higher than the MAG sales. Gross receipts from the two off-airport operators, Avis and Thrifty, also contributed to the increase.

Total **Commercial Aviation** revenue, \$2,305,101, is up 10.8% above target. The Airline Terminal annual square footage rental rate was established at \$66.81 plus Terminal employee parking rate of \$3.45 per person per day, which in turn generated additional \$45,000 in revenue, resulting in an 8.5% increase over the prior year. Landing fees are up 12.4% over budget, illustrating airline changes in aircraft and flight schedules as well as the addition of two new service carriers in November 2007 and May 2008, Express Jet and Allegiant.

The Airport has been reserving cash for the projected costs associated with the new Airline Terminal, and as a result, **Interest income** is 22.5% above target due to higher than expected cash balances and an improvement in investments. The agreement with **TSA for reimbursement** of security checkpoint costs was renewed, extending revenues for the full year.

**Other Revenues** are up 237% due to a transfer of \$89,071 from remaining PFC funds into Airport's Operating Fund, Miscellaneous Revenue Line item. This amount represented reimbursement to the Airport for previously expensed funds for the Aviation Facilities Plan.

#### Expenditures

**Salaries and Benefits** are slightly below budget (2.3%), with vacant positions in Airport Patrol and Operations, being covered with overtime and hourly employees.

The Airport tracks **Supplies and Services** in four categories: overall supplies and services, ARFF reimbursement, Engineering reimbursement, and Allocated costs. A variance of 29.7% is found for overall supplies and services. The lower than budget actual cost resulted from savings in Wetland Mitigation, Environmental Compliance and Parking. There was a 3% cost increase over budget in ARFF due to unexpected benefit costs. Allocated Cost was right on target; Engineering had a 1.1% increase over budget.

The **Equipment** expense is 49% below budget due to Information Systems' recommendation to carry forward Personal Desktop Computer replacement and hardware/software upgrades into FY 09 as well as Airport Patrol's carry forward of motor vehicle purchase.

The expenses for the employee shuttle operation managed by AMPCO, the parking management company, were placed in the **Special Projects** line item so that costs could be monitored. There has been a decrease in costs of 23.6% due to savings in personnel costs and other operational efficiencies.

In summary, the Department operating expenses for the year were \$11,693,579 or \$1,162,990 (9.9%) below budget.

#### Policy Reserves

At year end, Policy Reserves were adjusted for the FY 09 Budget and Attachment 2 reflects fully funded Reserves and \$1,999,626 Reserves Above Policy for Airport Capital Improvements.

**City of Santa Barbara  
Airport Reserve Balances  
At June 30, 2008**

**AIRPORT OPERATING FUND (441)**

Required Policy Reserves for:

Economic Uncertainty/Emergencies	\$	1,829,651.00
Future Years' Budgets	\$	1,219,767.00
Capital	\$	<u>1,216,153.00</u>
 Total Required Policy Reserves	 \$	 4,265,571.00
Reserves Above Policy	\$	<u>1,999,626.00</u>
 Total reserves @ June 30, 2008	 \$	 <u><u>6,265,197.00</u></u>

CITY OF SANTA BARBARA  
 Airport Operating Fund  
 Financial Report  
 For Month Ended 06/30/08 (100% of Fiscal Year)  
 Final

	Actual	Adopted Budget	Adopted Budget	Adopted Budget	Current Y-T-D 12 mos.	\$	%
	2007	2008	2008 with carry forwards	2008- 100% of Fiscal Year with Carry forwards	Actual	Variance	Variance
<b>Operating Revenue</b>							
Leases							
Commercial & Industrial	\$ 3,889,016	\$ 3,979,900	\$ 3,979,900	\$ 3,979,900	\$ 4,171,557	\$ 191,657	4.8%
Non-Commercial Aviation	1,300,406	1,251,941	1,251,941	\$ 1,251,941	1,237,616	\$ (14,325)	-1.1%
Terminal							
Rental Cars	1,795,376	1,785,850	1,785,850	\$ 1,785,850	1,965,757	179,907	10.1%
Parking	2,926,779	3,165,000	3,165,000	\$ 3,165,000	2,940,724	(224,276)	-7.1%
Concessions	210,604	204,300	204,300	\$ 204,300	182,371	(21,929)	-10.7%
Terminal sub-total	\$ 4,932,760	\$ 5,155,150	\$ 5,155,150	\$ 5,155,150	\$ 5,088,852	\$ (66,298)	-1.29%
Commercial Aviation							
Building	983,229	1,065,100	1,065,100	1,065,100	1,155,865	90,765	8.5%
Landing Fees	1,033,073	980,109	980,109	980,109	1,101,259	121,150	12.4%
Landing Fees (Freight/Charter)	41,057	35,000	35,000	35,000	47,978	12,978	37.1%
Commercial aviation sub-total	2,057,360	2,080,209	2,080,209	2,080,209	2,305,101	224,892	10.8%
Total Leases	\$ 12,179,541	\$ 12,467,200	\$ 12,467,200	\$ 12,467,200	\$ 12,803,125	\$ 335,925	2.69%
Other							
Interest Income	767,788	580,318	580,318	580,318	711,049	130,731	22.5%
TSA Reimbursement	198,083	66,211	66,211	66,211	178,324	112,113	169.3%
Other	133,871	34,000	34,000	34,000	114,564	80,564	237.0%
Other sub-total	1,099,742	680,529	680,529	680,529	1,003,936	323,407	47.52%
<b>Total Operating Revenue</b>	<b>\$ 13,279,283</b>	<b>\$ 13,147,729</b>	<b>\$ 13,147,729</b>	<b>\$ 13,147,729</b>	<b>\$ 13,807,062</b>	<b>\$ 659,333</b>	<b>5.0%</b>
<b>Operating Expenses</b>							
Salaries & Benefits	\$ 4,344,843	\$ 4,587,401	4,587,401	4,587,401	\$ 4,485,157	\$ 102,244	2.3%
Supplies & Services (1)	2,904,386	3,280,382	3,890,780	3,890,780	3,000,925	\$ 889,855	29.7%
ARFF	1,594,420	1,552,057	1,591,357	1,591,357	1,640,687	\$ (49,330)	-3.0%
Engineering	327,651	351,355	355,341	355,341	359,175	\$ (3,834)	-1.1%
Special Project (2)	504,763	639,823	676,123	676,123	547,029	\$ 129,094	23.6%
Equipment	92,259	157,581	290,472	290,472	194,911	\$ 95,561	49.0%
Allocated Costs	1,286,748	1,465,095	1,465,095	1,465,095	1,465,695	\$ (600)	0.0%
<b>Total Operating Expenses</b>	<b>\$ 11,055,069</b>	<b>\$ 12,033,694</b>	<b>\$ 12,856,569</b>	<b>\$ 12,856,569</b>	<b>\$ 11,693,579</b>	<b>\$ 1,162,990</b>	<b>9.9%</b>
Net operating gain / (loss)	\$ 2,224,213	\$ 1,114,035	\$ 291,160	\$ 291,160	\$ 2,113,483	\$ 1,822,323	